
RESPONSE TO QUERIES RAISED BY SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE COMPANY'S THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016 ON 14 NOVEMBER 2016, ANNOUNCEMENTS OF CESSATION OF CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR AND ANNOUNCEMENT OF CESSATION OF EXECUTIVE DIRECTOR BOTH, DATED 21 NOVEMBER 2016

The Board of Directors of PSL Holdings Limited (the "**Company**") refers to the following queries raised by the Singapore Exchange Securities Trading Limited ("**SGX**") in its email dated 23 November 2016 and would like to provide further information in relation to the Third Quarter Unaudited Financial Statements Announcement for the financial period ended 30 September 2016 on 14 November 2016, announcement on cessation of chief executive director and executive director and announcement on cessation of executive director, both dated 21 November 2016.

SGX Query:

1. We refer to the announcement "Financial Statements and Related Announcement: Third Quarter Results" by PSL Holdings Limited (the "Company") on 14 November 2016.

It was disclosed that "Gross profit decreased...mainly due to the slowing down of the Company's excavation and logistics transport business". Please explain how "Cost of sales" has materially increased by 66.56% from S\$1.64 million to S\$2.73 million, despite a slowdown in the excavation and logistics transport business.

2. We refer to the announcements "Change - Announcement of Cessation: ANNOUNCEMENT OF CESSATION OF CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR" and "Change - Announcement of Cessation: ANNOUNCEMENT OF CESSATION OF EXECUTIVE DIRECTOR" on 21 November 2016. We note that the Company has had 5 cessations of appointments over the past 12 months.
 - (a) It was disclosed that "Mr Wee Piew has decided to resign as CEO and Executive (sic) Director of our Company for personal reasons". Please provide further information and elaborate on the "personal reasons" for Mr Wee Piew's resignation.
 - (b) Please provide Mr Wee Piew's confirmation whether there are any concerns or disagreements with the Board of Directors/management over matters involving the Company that led to his resignation, and to provide the relevant details.
 - (c) It was disclosed that Mr Suriamartara Tjahaja has resigned "[t]o pursue personal interest and business". Please provide further information and elaborate on these "personal interest and business".
 - (d) Please provide Mr Suriamartara Tjahaja's confirmation whether there are any concerns or disagreements with the Board of Directors/management over matters involving the Company that led to his resignation, and to provide the relevant details.

Company's Response:

1. As indicated in the results announcement, the Company had commenced a new steel trading business in the third quarter 2016 and had successfully secured a revenue of S\$1.9 million during the said quarter. However, in light of the uncertainty in the global steel market, the Company intends to grow this business gradually. Hence, the steel trading business is not expected to contribute significantly to the Group in the short term. The steel business transaction in the third quarter 2016 only yield a gross profit margin of approximately 1%. As such, the "cost of sales" has materially increased by 66.56% from S\$1.64 million to S\$2.73 million, mainly arose from the steel business despite a slowdown in the excavation and logistics transport business.
- 2(a). Mr Wee Piew feels that the Company is not a good fit to him.
- 2(b). Mr Wee Piew confirms that there are no concerns or disagreements with the Board of Directors/management over matters involving the Company that led to his resignation.
- 2(c). Mr Suriamartara Tjahaja will be pursuing his personal business as well as his commitment with other Indonesian listed companies upon leaving the Company.
- 2(d). Mr Suriamartara Tjahaja confirms that there are no concerns or disagreements with the Board of Directors/management over matters involving the Company that led to his resignation.

**BY ORDER OF THE BOARD
PSL HOLDINGS LIMITED**

**Wee Piew
Chief Executive Officer and Executive Director**

25 November 2016